

14 May 2009

MELROSE PLC INTERIM MANAGEMENT STATEMENT

Melrose PLC today issues the following Interim Management Statement for the period from 1 January 2009 to 13 May 2009. This will be read out by the Chairman at today's AGM.

HIGHLIGHTS

- Current trading remains in line with our expectations
- Cash generation from our businesses, in particular those acquired with FKI plc, remains strong and in line with our best expectations.

OVERVIEW

In the Lifting division, Bridon, whose primary market place is offshore oil and gas, is performing well with strong order books and we expect a good performance in 2009. Crosby's marketplace remains challenging but has not changed since our full year results announcement on 11 March 2009. Our view remains that it will perform in line with expectations at that time.

Trading in our Energy division remains in line with budget. Notwithstanding the solid long term fundamentals of the sector, we are adopting a more cautious outlook for sales in the next 18 months, reflecting the reduction being seen in power industry investment. However, a combination of better cost management, its order book and increased aftermarket activity means we continue to meet expectations and, coupled with planned structural improvements, the division will be in a stronger position to benefit when power investment resumes.

As noted in the final results in March, Dynacast has had an extremely tough six months. The focus on cost reduction has helped to maintain margins at an acceptable level and good cash generation remains a feature. Whilst it is too early to be sure, there are signs that demand has stabilised.

Cash generation, cost reductions and working capital management remain a strong focus across the group.

Logistex US and Logistex Europe are performing to expectations. Together with restructuring in both businesses this gives us a lot of comfort for the year. Whilst sale discussions have taken far longer than we hoped due to the complications of our buyers obtaining bank finance we remain hopeful of a sale. However, we will not sell either business unless the terms are acceptable.

There has been no material change in the financial position of the Group since the full year results announcement on 11 March 2009.

OUTLOOK

There are tentative early signs of renewed stability in some of our markets. Our spread of businesses, some early cycle and some later cycle, is a strength in uncertain economic times. This, together with the effect of operational improvements and the strong cash generation still to be gained from our FKI acquisition, gives us confidence for the balance of 2009.

Enquiries

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